

Internet and Remote Sales Tax Collection: The Application of the Streamlined Sales Tax Statute in Arizona

1. What it is:

The Streamlined Sales Tax Project¹ (the “SSTP”) was formed to simplify and modernize sales and use tax collection and administration in the hope that this would ease the burden and costs of tax collections as well as convince Congress to allow states to tax remote sales. Taxation of out-of-state remote sales is currently prohibited by law as unduly burdensome to interstate commerce under the commerce clause of the U.S. Constitution. National Bellas Hess, 386 U.S. 752 (1967); Quill Corp. v. North Dakota, 504 U.S. 298 (1992). The SSTP responds to the U.S. Supreme Court’s concern by attempting to lessen a multi-state vendor’s sales tax collection administrative burden in the following key ways:

- Uniform definitions of products and services nationwide;
- Simplified exemption administration, using uniform exemption certificates;
- Uniform tax base within a state;
- Tax rate simplification;
- Uniform sourcing rules; and
- Uniform and reduced audit procedures

Under the Streamlined Sales Tax Agreement (the “SSTA”), an implementing state and its localities must conform product category and exemption definitions to those definitions found in the SSTA. This simplifies a multi-state vendor’s administrative burden by creating national, uniform definitions used to define taxable transactions.

The SSTA also requires all the local jurisdictions within a state to conform their tax base with the state’s tax base, except where prohibited by federal law. As a practical matter, this means a locality cannot tax a transaction type unless the state also taxes the transaction type. The SSTA also generally requires a single tax rate per taxing jurisdiction. In other words, all items in the tax base must be taxed by a locality at a uniform tax rate, although the rate can be different from locality to locality. Likewise, all items within a state’s tax base must be taxed at a uniform tax rate. The one exception to this general rule is that states may have a secondary or different tax rate on food and drugs. The drafters of the SSTA contemplated that some states do not currently tax food or drugs, but localities within those states do. Because the tax bases of the localities within a state must match the state’s tax base, a state would have to add food and drugs to the state tax base to allow localities within the state to continue to tax food and drugs. The reaction by states to taxing food and drugs and representatives of localities to removing food and drugs from their tax base was so vociferous that the drafters allowed states to include food and drugs in the state tax base, but at a secondary rate, which is anticipated to be a zero percentage rate.

¹ The Project was organized in March 2000. It was sponsored initially by the National Governor’s Association; the National Conference of State Legislatures; the Federation of Tax Administrators; and the Multistate Tax Commission. Private sector participants include national retailers, trade associations, manufacturers, technology companies and direct marketers.

Questions remain concerning which of Arizona's several transaction privilege tax categories would become part of the SSTA. It is uncertain how the existing contracting transaction privilege tax would be handled. It is considered likely that the state transient lodging and the municipal bed taxes would fall outside of the Agreement.

The SSTA creates a uniform source protocol, establishing that if any tax is to be collected that the source sales of property, services and digital goods be taxed on a destination basis. A majority of the states use destination for sourcing intrastate sales and while a destination approach will mean a change in Arizona, for a simplified and uniform system nationwide it is the least disruptive. Furthermore, according to The Lawmaker's Guide to the Streamlined Sales Tax Project 2003, The Year of Decision ("The Lawmaker's Guide"), "...the implementation of a different sourcing rule for intrastate sales and interstate sales raises significant constitutionality issues. Since the sales tax is a tax on consumption, destination was the policy preference." For Arizona, moving from an origin-based tax to a destination-based tax would likely cause a shift in tax revenue among the local jurisdictions. Under the current system, furniture purchased in Phoenix and delivered to Tempe would be taxable at the Phoenix rate. Under SSTA, the sale of the furniture would be taxed by Tempe.

Finally, the SSTA mandates state level administration of local taxes and allows the vendor to select a third party, certified service provider (a "CSP") to act as its agent to collect and remit its taxes to the state. If a vendor takes the option of outsourcing this function to a CSP, the reach of the state's audit is limited to the CSP's records, except in cases alleging vendor fraud.

In summary, from a vendor's perspective, the vendor will need only to know: what transactions are taxable within a given state; what the single tax rate is at the state level; and what the single tax rate is at each locality level. The vendor will then remit the tax to one entity at the state level. This significantly simplifies the matrix of tax liabilities for a multi-jurisdiction vendor.

2. How it would be administered:

The SSTA moves administration of sales tax (or TPT in Arizona) from cities and towns to the state. Currently, in Arizona, twelve cities administer their municipal taxes. Municipal taxes for the remaining cities are imposed by the cities, but administered by the state. For the twelve non-program cities, the tax departments currently not only administer the tax, but audit vendors within the jurisdiction. By centralizing the administration with the state, the SSTA transfers an administrative responsibility to the state and removes that responsibility from the cities and towns. The Department of Revenue does not have an estimate of the cost of absorbing the non-program cities into their system.

A vendor would submit sales taxes to a state agency, presumably the Arizona Department of Revenue, which would be responsible for distributing the appropriate amount to the counties, cities and towns. Under the Agreement, a vendor may submit the taxes to the state agency by one of three technology models, or can continue to use a traditional tax collection system. As an incentive, vendors using one of the technology models will either not be audited or will have limited scope audits, depending on the technology model used. The first technology model is outsourcing the collection and remittance responsibilities by using a certified service provider ("CSP"). The second involves retaining the collection and remittance functions and using a Certified Automated System ("CAS") to perform the tax calculation function. With the third model, the vendor retains all responsibilities and use its own proprietary software subject to collective state certification.

The SSTP has proposed uniform audit standards and procedures for CSPs and vendors. The CSP would be subject to audit and periodic system checks by the states. Any audit would be a joint audit performed on behalf of all the states participating in the SSTA. The CAS would be subject to periodic system checks. The vendor would be subject to audit only on its tax remittance and return filing functions. A vendor using the third technology model would be required to meet several conditions to obtain certification, and would be subject to periodic system reviews.

An administrative cost arises as a result of the SSTA's requirement that each member state provide a monetary allowance to CSPs for those vendors choosing the first technology model. The estimated cost is 2%-3% of the tax revenue from those taxpayers. This estimate is based on costs imposed by credit card companies to businesses using their services. It is also expected that the state would be required to participate in the certification of the Automated System, and the collective state certification of proprietary software. Currently Arizona provides an Accounting Allowance of 1% of the state tax due, not to exceed \$10,000 for a calendar year. It is unknown whether the CSP monetary allowance would be in addition to the existing Allowance.

It is the conjecture of the Streamlined Sales Tax Project proponents that much of the lost revenue or cost of administration will be recovered through additional revenues from remote sellers, i.e., Internet, catalog, or mail order. With Congressional approval, these sellers would be required to make such payments. Without the approval of Congress, these payments would only come from those remote sellers who voluntarily come forward to collect and pay taxes through the SSTA. Even so, it is purported that given a simplified system, more remote sellers would make that effort.

3. Impact on Existing Revenue Systems:

The reason for interest in the SSTP is two-fold. One level of interest lies with the emergence of internet sales, a growing source of sales for which tax is often uncollected. Internet sales made by a vendor with nexus in the State of Arizona are subject to the transaction privilege tax. Internet purchases from a vendor without nexus in Arizona are subject to use tax, which is rarely paid. Estimates of the tax value of internet sales vary significantly depending on the source. The U.S. General Accounting Office² estimated that state and local tax losses for internet sales that did not simply replace other remote sales during 2003 would be from \$1 billion to \$12.4 billion, representing from less than one percent to about five percent of projected revenues. In a study issued in September 2001 by Donald Bruce and William Fox of the University of Tennessee³ it was estimated that state and local government would lose \$7 billion in 2001, \$24.2 billion in 2006 and \$29.2 billion in 2011. This is 2.6 percent to 9.92 percent of total state tax collections. The University of Tennessee study estimates that Arizona will lose \$240 million in the year 2003; \$799 million in 2006; and, \$982 million by 2011.

The second reason for interest in SSTP is to simplify and modernize sales and use tax law administration. According to The Lawmaker's Guide, "The Project's proposals are focused on improving sales and use tax administration systems for both Main Street and remote sellers for all types of commerce."

² "Sales Taxes: Electronic Commerce Growth Presents Challenges; Revenue Losses Are Uncertain." General Accounting Office, Report to Congressional Requesters. June 2000, page 20-21.

³ Bruce, Donald and Fox, William F., "E-Commerce in the Context of Declining State Sales Tax Bases." February 2000.

However, application of the SSTA in Arizona creates a number of secondary effects on the state and cities and towns, as described below.

Challenge to status as transaction privilege tax state. Arizona imposes transaction privilege tax, which is distinct from a sales tax in that the vendor, rather than the purchaser, is responsible for paying the tax to the government. The benefit of the transaction privilege tax is that the state is able to impose tax on certain transactions that would otherwise be exempt if the state applied a sales tax. For example, the state imposes transaction privilege tax on the taxable value of any construction project, performed for the U. S. government, or on the utility bill at a federal government building, but would not be able to impose a sales tax on those transactions. The distinction is that the transaction privilege tax is a tax on the private vendors, but a sales tax is on the transaction and both the U.S. government and the Indian nations are exempt from sales tax as sovereign nations. This is a legal distinction, but one that has real monetary effects estimated at approximately \$90-120 million in annual lost state tax revenue, as estimated by the Department of Revenue's Office of Economic Research and Analysis. Local taxes would be affected as well.

As Arizona adopts more positions and interpretations of true sales tax states, the state's legal position as a transaction privilege tax state is vulnerable to challenge.

Adopting SSTA Definitions Affect Definitions Currently Used in Arizona. Under the SSTA, product based exemptions, meaning that the product is exempt based on the description of the product and not based on who purchases the product or how the product is used, must be defined. The requirement to adopt the definitions in the Agreement will cause a fiscal impact to Arizona. It is commonly understood that Arizona currently offers a long list of transaction privilege tax exemptions. The statutes and administrative rules authorizing these currently contain many of the terms defined under the Agreement as exemptions. Arizona's definitions of the terms, however, are not as broad as those found in the agreement. Upon consideration of the SSTA, the Legislature would be required to consider, for each exemption, accepting the broader definition, or repealing the exemption.

For example, under Arizona administrative code delivery charges are exempt. The definition of delivery charges is limited to actual shipping or delivery costs. It does not include shipping and handling as a lump sum charge. Under the definition in the Agreement, "delivery charges" includes charges by the seller for preparation and delivery to a location designated by the purchaser of personal property or services including, but not limited to transportation, shipping, postage, handling, crating, and packing. Currently many of these activities would be considered part of the sale and not exempt. If accepted by the Legislature, the broadened definition of "delivery charges" would reduce the tax base.

Uniform Exemption Certificate. According to the Lawmaker's Guide "There are three types of exemptions in sales tax law: (1) product exemptions, (2) entity-based exemptions, and (3) user-based exemptions." Product exemptions are easy to administer when the states have uniform definitions. For example, many states do not tax prescription drugs and sellers do not collect tax on the products that fit the uniform definition for the exemption for prescription drugs.

The exemptions for entities and users are more difficult to administer. Sales tax law carries a presumption that all sales of tangible personal property are taxable unless specifically exempted by law. Entities and users who qualify for an exemption because of who or what they are or how they use a product need to prove they qualify for the exemption. The entities and users use exemption certificates for this purpose. For example, a manufacturer must provide an exemption

certificate to a seller to purchase machinery used in manufacturing without tax. The SSTP has identified numerous ways to improve sales tax administration related to exemption. There are two components to the simplifications:

- Uniform exemption certificates (electronic where possible); and
- Relief for sellers from any tax if a purchaser improperly claims an exemption, as long as the seller obtains the required identifying information of the purchaser and the reason for claiming the exemption at the time of purchase.”

The first of these two components is important to multistate sellers in Arizona. The protection of the second component is currently provided in Arizona, with limitations.

Uniform Tax Base Would Affect Localities Tax Revenue. Under the SSTA, the tax base must be uniform throughout the jurisdictions within a state. Currently in Arizona, the counties’ tax base is substantially identical to the state tax base. The cities and towns tax bases are individualized and, in fact, each city and town has a tax base that is different from the state. The Model City Tax Code provides definitions that have been agreed to by all cities and towns. It also provides model codes. However, each city and town is permitted to select which of the different components of the model code it wants to enact. So, although the definitions are the same and the language is uniform, each city and town has its own base, determined according to local needs and preferences. Just as it is uncertain whether some of the state tax categories will be included in the agreement it is also uncertain how some city level categories would be treated.

Uniform Tax Rate within a Jurisdiction Would Affect Localities Tax Revenue. The cities and state will lose the flexibility of using different tax rates for different products and services. Currently, the state applies a 5.6 percent tax on most of the tax base, deviating only in two instances with lower tax rates for non-metal mining, oil and gas production and commercial lease tax. The County tax rates currently are applied on top of the state rate. Cities overall have more deviations reflecting local public policy decisions. Taxes collected for hotel stays are often earmarked for tourism. Taxes collected on big-ticket purchases are often at a lower rate than the rest of the retail purchases.

Theoretically the change to a uniform tax rate could be made revenue neutral overall for each city or town. As a practical matter, it is unknown how the individual cities would react. The Unified Audit Committee⁴ has estimated that there would be an average loss of local transaction privilege tax revenues of 25% for cities and towns. This is critical given that cities and town rely on transaction privilege tax revenues for 25-45%⁵ of their general fund revenues.

The counties also have elective tax rates. Their taxes currently support general expenditures, voter approved transportation projects, jail expansion, health care districts and various other capital projects. The revenue they receive from these taxes is often dedicated to the debt service on bonds. Out of Arizona’s fifteen counties, seven have two or more county level Transaction Privilege Tax rates. Overall, there are currently twenty-five separate county level taxes. Their rates are currently added on top of the state rate. While the counties should be able to maintain their separate tax rates under SSTP, they would likely lose the flexibility they have concerning

⁴ Th Unified Audit Committee (UAC) is a group of tax administrators from the cities in Arizona that administer their own transaction privilege tax systems, and the League of Arizona Cities and Towns and the Department of Revenue.

⁵ The League of Arizona Cities and Towns.

when a tax rate should start and, more importantly, when it would stop⁶. A few of the county taxes have been imposed to last until a certain amount of money is raised. Given that they have substantially the same tax base as the state, they would share in any impact to the state's revenue stream.

4. Cost:

See answer to question 2.

5. Policy Considerations:

A. Equity

The SSTA does not change the horizontal or vertical equities of the tax to the purchasing public. Rather, equity, in the context of the SSTA, is an argument usually raised by brick and mortar vendors in terms of their internet competitors' ability to avoid collection of tax.

B. Economic Vitality

Internet purchases from a vendor without nexus in Arizona are subject to use tax, which is rarely paid. To most, these purchases are perceived to be tax-free. Internet sales made by a vendor with nexus in the State of Arizona are currently subject to the transaction privilege tax. It is generally accepted that tax-free internet sales put local businesses at a competitive disadvantage, as discussed above. The question remains whether taxing the internet sales that are not currently subject to the transaction privilege tax would stunt the anticipated growth in that marketplace, or in some manner harm the overall economy. It can be argued that applying the tax to remote sales will not negatively affect internet sales nor the growth of internet businesses. Many shoppers choose to use the internet because of price and convenience, and will continue to do so regardless of tax status. The one exception is when large or expensive purchases are being considered, and it may not be possible to predict the consumer's reaction to paying tax on those internet sales. For instance, furniture stores are increasingly becoming show rooms because shoppers want to feel the fabric, determine the comfort and see the colors of the couch they are considering. Then they buy the same product online and avoid the tax, although clearly they should pay the use tax. If that transaction were to be taxed, the consumer would certainly consider buying locally. The couch would still be purchased, just from a different company.

In another example, consider the purchase of a computer on-line. If the computer company provided a good product with a good service record at a good price, and it just happened to begin to charge tax, it is reasonable to assume that some of the consumers would continue to make their purchase on-line.

C. Volatility

It can be generally assumed that with a tax structure, if you broaden the base, you reduce the potential exposure to economic volatility. In this particular case, given the relative infancy of the internet industry, a greater degree of volatility should be expected for that

⁶ A few of the existing county rates were imposed to be in effect until a certain amount of money is raised. Current practice is to estimate when that threshold will be met, and provide the vendors with notice of the rate change. Under the SSTA, a longer notification for a rate change is required.

component of the tax base. A recent report⁷ by Forrester Research for Shop.org⁸ showed an annual increase of 48% in online retail sales in 2002. During the same period, Arizona retail sales increased by roughly 1%⁹.

Arizona's current total transaction privilege tax base is more than \$75 billion (FY03)¹⁰. The University of Tennessee study implies roughly a \$3 billion tax base for remote sales for calendar year 2003, growing to close to \$10 billion in 2006. For 2003, the remote sales represent nearly 4% of the total tax base. Clearly, that percentage could increase by 2006. Extreme volatility in internet and remote sales, either positive or negative, would be somewhat absorbed by the magnitude of the original base.

D. Economic Impact.

To summarize the revenue figures that enter into this discussion.

- The University of Tennessee study indicates that Arizona loses \$240 million in 2003 in state and local taxes due to non-taxation of remote sales. The figure is expected to grow to \$800 million in 2006. While this is the study that is generally cited in the SSTP discussions, other studies with lower impacts do exist.
- The Department of Revenue, Office of Economic Research and Analysis reports that the state could lose \$90-120 million that it currently receives annually from taxpayers conducting taxable business with the Federal government. It is unknown what the local impact of such a change would be.
- Adoption of SSTA would require Legislative decisions about existing exemptions. Adopting the broader definitions existing in the SSTA would narrow the existing tax base. Choosing to repeal existing exemptions would broaden the existing base. Both would likely happen. Too many uncertainties remain to evaluate the overall impact.
- Additionally, the state would pay the 2-3% cost of the CSP, for some businesses. This could be offset by reduced audit expenditures by the state.
- The state would be required to absorb the administration of the twelve non-program cities and towns, both in processing returns and conducting audits. The businesses in these cities should, for the most part, already submit state tax returns to the state. Again, this could be offset by reduced audit expenditures by the state.

6. Other:

To summarize, the following are some of the pro's and con's of SSTP membership:

Pros

- Potential increased tax revenue from remote sales, provided Congressional approval of the Act.
- Increased fairness between main street and remote vendors

⁷ "The State of Retailing Online 6.0", an annual study conducted by Forrester Research for Shop.org, May 2003.

⁸ Shop.org is an association for retailers online and is a division of the National Retail Federation.

⁹ Arizona Department of Revenue, Office of Economic Research and Analysis.

¹⁰ Arizona Department of Revenue, Office of Economic Research and Analysis.

- Ease of administration of tax for the vendor
- Increased efficiency for administrative procedures
- Simplification of a very complex tax system

Cons

- Potential loss of status as a Transaction Privilege Tax state, with associated revenue loss
- Potential loss of revenue due to broader definitions of existing exemptions
- Uncertainty of revenue impact at each level of government.
- Diminished control of tax base and rates at the state and local level.

The proponents and opponents to the SSTP can each make compelling arguments supporting their claims. There are numerous questions that remain unanswered, but there are some facts that can be clearly stated. Arizona's state and local transaction privilege tax system is more complicated than the norm. Arizona's Legislature has, over time, contributed to the complexity by granting a multitude of tax exemptions. Under the SSTA, each exemption would have to be measured against the SSTA definitions. Some would probably remain, and some would be repealed. The Legislature has also granted the counties the ability to raise funds for a variety of purposes through the transaction privilege tax system. The counties could still maintain their county level taxes, with some limits. The Legislature has also granted the cities the right to employ a tax structure with a tremendous amount of local control, and the cities have chosen to exercise that right. The cost of compliance by businesses can be assumed to be higher for Arizona than the norm, and clearly the SSTA would reduce those costs for the businesses. In addition, remote sales are here to stay. There is no question that the inability of government to tax them puts local businesses at a competitive disadvantage. The prospect of taxing remote sellers can be assumed to be supported by local retailers and state and local governments.

Finally, opponents of the SSTP point out that there is no guarantee that Congress will act to approve the SSTA so adopting conforming changes to the SSTA is premature. Certainly waiting until Congress acts would provide more security for all involved; without the guarantee of taxing remote sales, the benefits to the state could be limited.

Many states have adopted SSTA conforming legislation already. There is much work to be done if Arizona is to move forward as well. The Commission has been asked to review Arizona's tax policy and systems. The SSTA is clearly one method for reform, and should be considered further.

APPENDIX: History of the SSTA and current status of adoption by states.

November 12, 2002 the Streamlined Sales Tax Implementing States approved a final version of a multi-state agreement (the "SSTA"). The implementing states consisted of 33 states and the District of Columbia; Arizona is not currently an implementing state. Arizona passed legislation directing the state to send delegates to participate in the SSTP discussions. The legislative delegates selected to participate did not win re-election however the Senate and House staff are working on delegate appointments and the legislation directs the delegates to develop a plan for implementation before June of 2004. Municipal and Department of Revenue appointments were made as well. The DOR representative currently attends meetings.

The SSTA does not go into effect until 10 states comprising at least 20 per cent of the total population of all states with a sales tax have adopted laws to put the state in conformity with the SSTA. States not admitted to membership on the effective date of the SSTA may later petition for membership when their laws comply with the terms of the SSTA. In 2002, via HB 2178, Arizona authorized entering into discussions to consider the SSTP.

Reports on the current status of state compliance with SSTA vary slightly. The National Conference of State Legislatures (NCSL) reported that twenty states have enacted SSTA conforming legislation as of July 1, 2003 (table below.) The Streamlined Sales Tax Project reports that as of July 7, 2003 nineteen states are in compliance. The difference is the state of Texas. The NCSL report shows that conforming legislation has passed in both houses. The SSTP report shows that the Texas conforming legislation is waiting for the Governor's signature, and therefore has not been counted yet. Both lists indicate that the 10 state and 20 per cent population criteria have been met. The next step in the process is that the project's Governing Board must certify that each state's legislation is in compliance.

Streamlined Sales and Use Tax Agreement 2003 State Compliance-provided by the National Conference of State Legislatures

updated July 1, 2003

State	Population	%	Cum%	United States Senators	United States House
ENACTED					
Arkansas	2,679,733			D - 2	R - 1 D - 3
Iowa	2,931,923			R - 1 D - 1	R - 4 D - 1
Indiana	6,090,782			R - 1 D - 1	R - 6 D - 3
Kansas	2,693,824			R - 2	R - 3 D - 1
Kentucky	4,049,431			R - 2	R - 5 D - 1
Minnesota	4,925,670			R - 1	R - 4

				D - 1	D - 4
Nebraska	1,715,369			R - 1 D - 1	R - 3
Nevada	2,002,032			R - 1 D - 1	R - 2 D - 1
North Carolina	8,242,843			R - 1 D - 1	R - 7 D - 6
North Dakota	642,756			D - 2	D - 1
Ohio	11,374,540			R - 2	R - 12 D - 6
Oklahoma	3,458,819			R - 2	R - 4 D - 1
South Dakota	756,874			D - 2	R - 1
Tennessee	5,700,037			R - 2	R - 4 D - 5
Texas ¹¹	20,903,994			R - 2	R - 15 D - 17
Utah	2,236,714			R - 2	R - 2 D - 1
Vermont	609,890			D - 1 I - 1	I - 1
Washington	5,908,684			D - 2	R - 3 D - 6
West Virginia	1,813,077			D - 2	R - 1 D - 2
Wyoming	493,304			R - 2	R - 1
ENACTED TOTAL	89,230,296	31.7%	31.7%	R - 22 D - 17 I - 1	R - 78 D - 58 I - 1
				40 Senators	137 Representatives
PASSED ONE HOUSE					
Illinois	12,439,042			R - 1 D - 1	R - 10 D - 9
Passed One House Total	12,439,042	4.4%	36.1%	R - 1 D - 1	R - 10 D - 9
				2 Senators	19 Representatives
PASSED ONE HOUSE ONLY - Legislature Adjourned for Year					
Florida	16,028,890			D - 2	R - 18 D - 7
Montana (SENATE)	905,316			D - 1 R - 1	R - 1

¹¹ While the NCSL report shows Texas in compliance, reports from the SSTP do not.

Passed One House Only	16,934,206	6.0%	NA	R - 3 D - 1	R - 19 D - 7
				4 Senators	26 Representatives
Full Compliance Legislation Introduced					
Alabama	4,461,130			R - 2	R - 5 D - 2
Alaska	628,933			R - 2	R - 1
Idaho	1,297,274			R - 2	R - 2
Maine	1,277,731			R - 2	D - 2
Missouri	5,606,260			R - 2	R - 5 D - 4
Oregon	3,428,543			R - 1 D - 1	R - 1 D - 4
Legislation Intro Total	16,699,871	5.9%	42.0%	R - 11 D - 1	R - 14 D - 12
				12 Senators	26 Representatives
Total for 29 States	135,139,572	48.1%	48.1%	58 Senators	208 Representatives

* Illinois legislation has passed in both the House and Senate, however, the legislation appears to be placeholders. It is expected that compliance language will be added during the conference committee process.